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April 26, 2005

Mr. Tom Gainer  
Project Manager  
Cleanup/Portland Harbor  
Oregon Department of Environmental Quality  
2020 SW Fourth Avenue, Suite 400  
Portland, OR 97201

**Subject: Terminal 5 Upland Facility  
Preliminary Assessment & Pending No Further Action Request  
ECSI No. 1686**

Dear Tom:

This letter provides a response to your letter dated March 14, 2005, in which you indicated two unresolved issues regarding the former Blue Lagoon in the Port of Portland's (Port) Terminal 5 Upland Facility (Facility) covered by the previously-submitted Preliminary Assessment: confirmation of groundwater quality; and management of buried residual material within the former Blue Lagoon.

Groundwater

The Port will measure the water levels and sample the groundwater from monitoring wells MW-2, MW-3, and MW4, as requested by the Oregon Department of Environmental Quality (DEQ). The samples will be analyzed for total and dissolved barium, iron, and manganese, since those metals previously exceeded screening values. The Port is planning to schedule this sampling event in May 2005 to coincide with a quarterly sampling event at the Terminal 4 Slip 1 Upland Facility to maximize cost efficiencies with our consultants.

Buried Residual Material

The Port agrees with DEQ that there needs to be appropriate institutional controls associated with the buried residual material within the former Blue Lagoon. At the present time, the Port has a potential redevelopment plan for this area. The plan includes building a railroad spur and loading area over a portion of the former Blue Lagoon. As part of this redevelopment project, the Port has initiated a review of environmental conditions for construction at the Facility which will include evaluating the soil to be excavated for appropriate use or disposal. If the Port reaches the decision to excavate all of the buried residual material within the former Blue Lagoon through this review, institutional controls would be no longer necessary. The Port will keep DEQ updated on the status of the environmental characterization for construction work and upon completion, will work with DEQ to establish appropriate institutional controls, should they be necessary.

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Please call me at (503) 944-7323 with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristi Maitland". The signature is fluid and cursive, with the first name "Kristi" written in a larger, more prominent script than the last name "Maitland".

Kristi Maitland  
Environmental Project Manager

c: David Ashton, Port  
Sebastian Degens, Port  
Eric Schwamberger, Port  
Anne Summers, Port  
Bob Teeter, Port  
Amanda Spencer, Ash Creek Associates